

Exhibit No. 5
Date 4-9-07
Bill No. HB 95

Testimony of Leonard Bates in support of House Bill No. 95

I am Leonard Bates, a 26 year faculty member at MSU Great Falls, College of Technology and I request a "Do Pass" recommendation for House Bill 95 from this committee. HB 95 partially addresses several problems in the Montana University System's retirement system.

The problems with the current system are:

1. Optional Retirement Program (ORP) is not optional. It has not been optional since 1993.
2. The total contribution to ORP accounts is roughly 2.6% less than combined contributions to Teacher's Retirement System (TRS) for TRS enrolled faculty. In TRS employees contribute 7.15% and the employer 7.47% for a total of 14.62%. The total contribution to ORP accounts is 7.0% from the employee and 4.96% from the employer for a total of 11.96%. The discrepancy between the TRS and ORP is simply inequitable.
3. The university system subsidizes the TRS with 4.04% of ORP enrollee's (faculty, administrator and contracted employee) salaries to amortize past and future liabilities for faculty remaining in (TRS).
4. This retirement system does not provide a reasonable retirement for its retirees. If I were to retire today, after 26 years, I would receive less than \$300 per month from my ORP retirement account.
5. The MUS retirement system is not competitive with other states in the country or in the region. Utah pays 14.2%, Wyoming 11.25%, even Idaho pays 7.7%. Again, Montana pays 4.96%. Several years ago I very seriously considered taking a position similar to my current one in Oregon and another in Washington. Oregon would have contributed 9.5% of my salary toward my retirement account and Washington, 10%.

HB 95 does not fix all of these problems but it does move us in the right direction by increasing the employer contribution by 1%, from 4.96% to 5.96% of salaries. That would reduce, but not eliminate, the discrepancy between contributions to TRS and ORP retirement systems. It would also bring Montana a little closer to the benefits paid by other states.

I urge your support of HB 95 by giving it a pass recommendation.

Thank you for hearing me.